



Government of
Saskatchewan

Annual Report 1991-92

Saskatchewan Liquor Board



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Letter of Transmittal

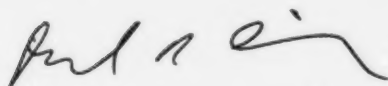
**Saskatchewan
Liquor Board
Annual Report
1991-92**

The Honourable Sylvia Fedoruk,
Lieutenant Governor of the
Province of Saskatchewan.

Dear Madam:

I have the honour to hereby transmit the annual
report of the Saskatchewan Liquor Board for
the year ending March 31, 1992.

Yours sincerely,



Darrel R. Cunningham,
Minister in Charge,
Saskatchewan Liquor Board.



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A Message from The Chairman of the Board

Regina, Saskatchewan

The Honourable Darrel R. Cunningham,
Minister in Charge,
Saskatchewan Liquor Board.

I have the honour to submit pursuant to
Section 176 of The Alcohol Control Act the
sixty-seventh annual report for the fiscal year
ending March 31, 1992.

Respectfully submitted,



Paul Weber
Acting Chairman.



Report from the Chairman

The 1991-92 fiscal year was one of significant change for the Saskatchewan Liquor Board.

The Liquor Board streamlined its management structure in early 1992, abolishing nine permanent positions resulting in substantial annual savings. This restructuring reflected the Board's commitment to reduce expenditures.

Sales continued to decline in all categories except spirit-based coolers. However, reductions in the cost of sales enabled the Board to show a modest increase in net income.

The Liquor Board commenced discussions with all sectors of the hospitality industry in an effort to stabilize the existing industry and set criteria which would encourage future investment.

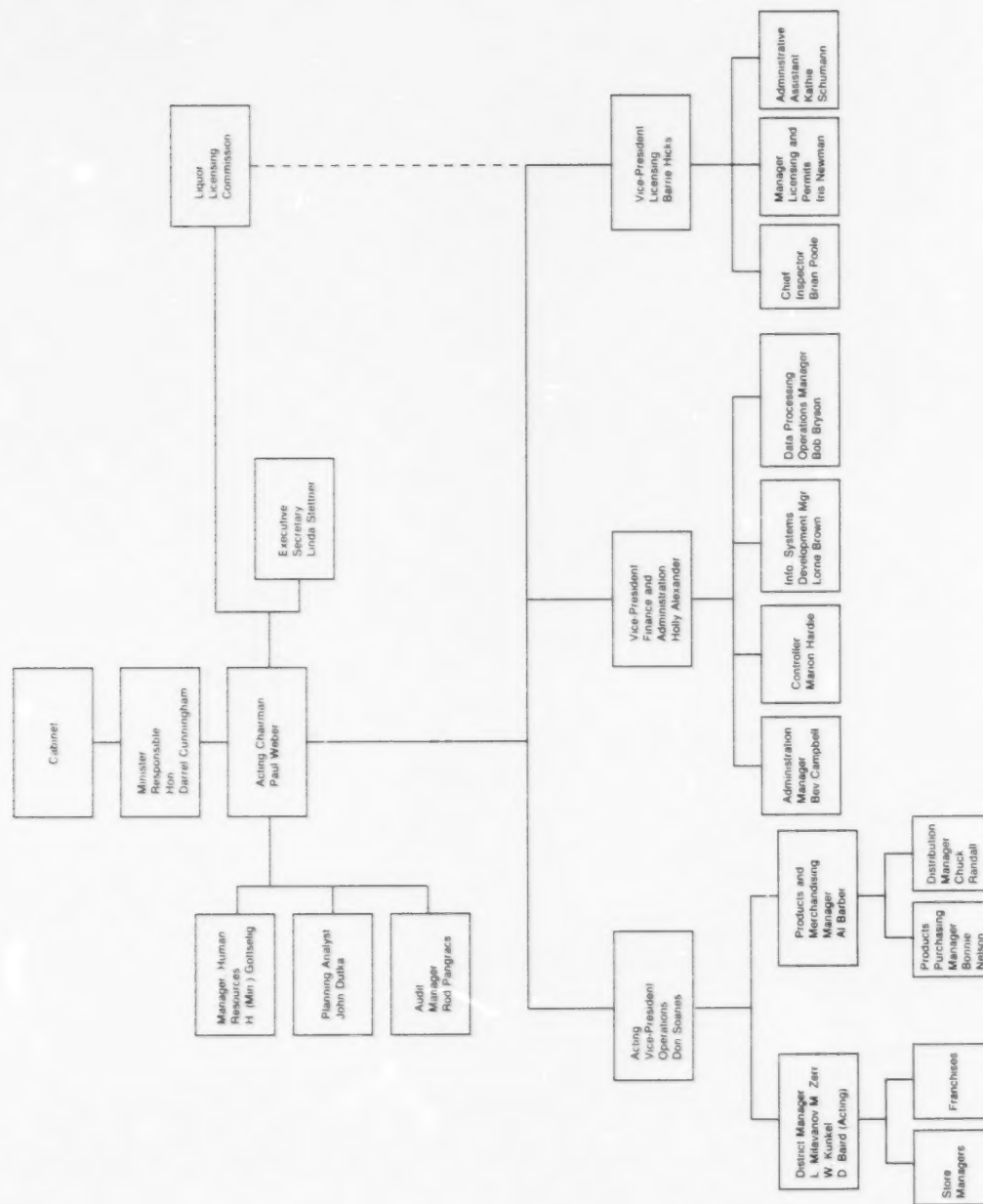
Consistent with G.A.T.T. and Free Trade Agreements, the Liquor Board continued to adjust its policies to comply. The Board commenced procedures to change the ad valorem mark-up on beer to a flat dollar rate thus allowing price competition among breweries without eroding revenue.

The proposed relocation of the Liquor Board's Head Office to Hudson Bay, Saskatchewan, under the "Fair Share" initiative resulted in a loss of productivity and increased expenditures. Despite the cancellation of this initiative in the fall of 1991, the Board incurred significant expenditures that could not be recovered.

The Liquor Board will continue to consult with all members of the industry developing a partnership which will improve customer service, operational efficiency and employee relations.

Organization Chart

Saskatchewan Liquor Board
Organizational Chart as at
March 31, 1992



Retail Operations

The Board is continuing to improve the shopping environment, merchandising opportunities and service levels in stores and franchises. As of March 31, 1992, the Board operates 84 stores, of which three (3) are full-line specialty stores — one located in Regina at the South Albert location and two in Saskatoon — 2nd Avenue and 8th Street locations.

A new store was built at the Southhill Shopping Centre in Prince Albert, incorporating a new layout concept which eliminates perimeter shelving and utilizes lower island type merchandising units.

In addition the Board has continued to improve service levels by establishing nine (9) new franchises, bringing the total number to 195. There are Duty Free shops located in the Saskatoon and Regina Airports and at the border crossing in North Portal.

The Board continues to improve its operational efficiency by evaluating technological advancements and incorporating enhanced methods of data gathering and processing.

Products and Distribution

Spirits, wine and imported beer are distributed to Board stores and franchises from a central bonded warehouse located in Regina. Domestic beer is distributed on behalf of the Board by the Saskatchewan Brewers Association and the newly formed Drummond Brewing Association.

The central warehouse provides service to all stores and franchises, distributing a total of 10,266 orders this past year, each order averaging 98 cases.

At year end, the Board had 1,058 general and 449 specialty listings, made available to the Board by a large contingent of Canadian and foreign suppliers. Specialty listings, with an emphasis on fine wine, are intended to provide the general public with a more varied selection of products. All products from the Board's global list are available to the general public and licensees upon request through Board stores and franchises.

The trend toward moderation by the consuming public continued this past year. Total wine sales

volume fell this past year by 5%. Despite the general decline in wine sales volume, positive growth was evident in wines offered from Australia, the United States, South America and Canada due primarily to price advantage.

Within the spirit market, sales volume fell 5% with all major sub-categories experiencing varying degrees of decline.

Total cooler sales volume grew slightly by 0.4% during the year. The favourable category performance was fuelled by the 16% growth in spirit-based cooler products and despite the 17% decline in wine-based cooler sales. At year end, spirit-based coolers represented 60% of category sales, up from 52% in the previous year.

Beer sales volume increased by approximately 1% during the year. Canned beer sales represented 15% of the total beer market, similar to their standing in the previous year. Light beer accounted for 23% of the total beer market, down from 25% during the 1990/91 fiscal year.

Finance, Information Systems and Administration

Net income increased by 3.2% to \$110 million, despite a decline in sales volume. The increase in income was primarily due to a decrease in cost of goods resulting from the removal of the Federal Sales Tax. Total sales were \$278 million, a decrease of 4.4% from the previous year. The source of sales was public sales of \$166.8 million and licensee sales of \$111.9 million. Operating expenses as a percentage of gross profit fell slightly from 21.4% to 20.9%.

Information Systems completed the development of three business systems — Stock Information and Control Systems (STICS), the Licensing System and the Special Occasion Permit System. In addition to these custom program developments, the Board implemented Lotus 1-2-3 spreadsheet software package. As a part of on-going systems upgrading, additional personal computers were added to the existing PC network. This network provides flexibility to users in respect to available application software. Information Systems led an internal review of the Board's office automation requirements. Implementation of the resultant plans are on-going.

Administration continues to maintain and support the Head Office and retail work environments.

Personnel

The breakdown of the number of staff as of March 31, 1992 was:

	Permanent	Part-time
General		
Administration	2	—
Retail Operations	170	247
Administration	6	7
Finance	22	1
Products and		
Distribution	5	1
Information Systems	8	2
Distribution	18	2
Human Resources	2	—
Licensing	21	1
Total	254	261*

*equivalent — 112.25

Our collective agreement expired March 28, 1992.

Licensing

The Board, through its Licensing Department, continues to liaise with licensees, helping them to adapt to the rapidly changing beverage alcohol industry.

During the year, the Liquor Licensing Commission held 30 sittings and conducted 131 hearings to consider applications for various types of Licenses provided for by the Alcohol Control Act. The Commission also held 30 meetings and passed minutes on 603 matters pertaining to the general conduct and operations of licensed outlets.

Licensing Statistics

Statement of Licenses

Type of License	Issued	Terminated/Expired and Surrendered					Licenses in Effect	
		Ownership Change	Seasonal and Interim	Close of Business	Premise Destroyed	Cancelled by Commission	March 31 1992	March 31 1991
Class B	568	36	46	10	1	—	475	486
(with Off-sale Endorsement)	(Note 1) (Note 2)							
Class B	309	6	55	4	—	—	244	240
	(Note 3)							
Class A	511	38	57	27	—	—	389	409
Class A								
(with Adjoining Premises Endorsement)	442	36	50	32	1	—	330	339
Class C								
(brewpub)	10	—	1	—	—	—	9	6
Class C								
(breweries)	4	—	—	—	—	—	4	3
Totals	1,851	116	209	73	2	—	1,451	1,483

Note 1 — Four of the issued licenses were to brewpubs.

Note 2 — One hotel surrendered off-sale endorsement.

Note 3 — Four of the issued licenses were to brewpubs.

Suspensions:

5 Class B (with Off-Sale Endorsement)

3 Class B (*Note 1)

1 Class A

6 Class A (with Adjoining Premises Endorsement)

*Note 1 — 2 of these were not put into effect

Licensing Statistics — continued

Statement of Applications Received

Type of License	Received and Carried Over From 1991-1992	Issued	Refused	Withdrawn By Applicant	Pending March 31, 1992
Class B					
(with Off-Sale Endorsement)	588	585	—	2	1
Class B	290	285	—	—	5
Class A	558	557	—	—	1
Class A					
(with Adjoining Premises Endorsement)	471	469	—	—	2
Class C (Brewpub)	10	9	—	—	1
Class C (Breweries)	4	4	—	—	—

Permits Issued

	1987/88	1988/89	1989/90	1990/91	1991/92
Brewers Permits	3	3	—	—	—
Brewers Hospitality Suite Permits	3	3	—	—	—
Distillers Permits	1	0	—	—	—
Permits to Druggists, Physicians, etc.:					
— Druggists' sale and compounding permits	8	8	2	—	—
— Physicians' professional use	6	8	1	—	—
— Manufacturing and Scientific purposes	38	41	5	—	—
— Non consumptive use	—	—	20	39	45
— Medical use	—	—	6	18	18
Permits to persons engaged in business of selling church supplies					
— sacramental wine	3	2	2	2	2
Permits issued:					
Individual and Organization —					
Non sale of liquor	11,897	11,281	10,615	9,685	9,085
Organization — sale of liquor	17,933	17,254	14,595	14,241	14,052
Cost Recovery — sale of liquor	—	188	1,871	2,002	2,385
Community Event	481	556	848	877	887
Annual Permits	—	9	21	45	40
Annual Licenses	—	28	135	155	171
	<u>30,373</u>	<u>29,381</u>	<u>28,121</u>	<u>27,064</u>	<u>26,685</u>

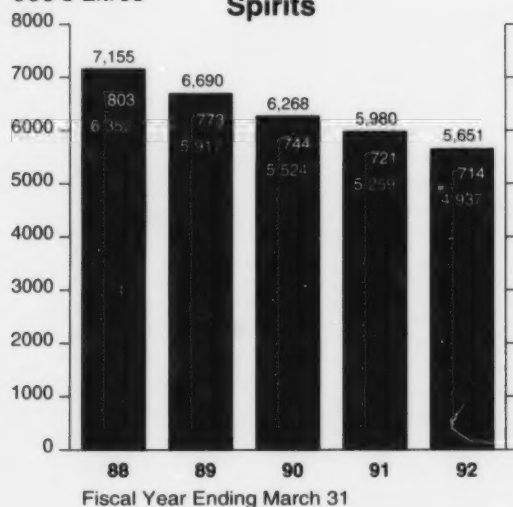
Franchise Outlets as at March 31, 1992

Abbey	Doddsland	Loon Lake	Rocanville
Abernethy	Domremy	Lucky Lake	Rockglen
Admiral	Dorintosh	Lumsden	Rose Valley
Alida	Duck Lake	Luseland	Rouleau
Allan	Dundurn		St. Brieux
Alsask	Eastend	Macklin	St. Louis
Alvena	Eatonia	MacNutt	Saltcoats
Arborfield	Edam	Maidstone	Sedley
Arcola	Edenwold	Mankota	Sheho
Asquith	Elbow	Marsden	Shell Lake
Avonlea	Elrose	Marquis	Simmie
Balcarres	Emma Lake	Maryfield	Simpson
Balgonie	Endeavour	Mayfair	Sintaluta
Beechy		Medstead	Smeaton
Bengough	Fillmore	Meota	Sonningdale
Bethune	Fox Valley	Meskanaw	Southey
Big River		Middle Lake	Spiritwood
Birch Hills	Gainsborough	Milden	Spiritwood
Bjorkdale	Glaslyn	Milestone	Acres
Blaine Lake	Glenavon	Minton	Spy Hill
Bredenbury	Glentworth	Mistatim	Star City
Brock	Golden Prairie	Montmartre	Stenen
Bruno	Goodeve	Moose Jaw C.F.B.	Stockholm
Buchanan	Goodsoil	Morse	Strasbourg
Burstall	Govan	Mossbank	Sturgis
Cabri	Grayson		Theodore
Calder	Grenfell	Naicam	Togo
Candle Lake	Hanley	Neudorf	Torquay
Canwood	Harris	Nokomis	Tramping Lake
Carnduff	Hodgeville	Norquay	Turtleford
Central Butte	Holdfast		Val Marie
Ceylon	Imperial	Ogema	Vanguard
Chaplin	Invermay	Oxbow	Vibank
Choiceland		Paddockwood	Viscount
Churchbridge	Kelliher	Paradise Hill	Vonda
Climax	Kenaston	Pelly	Wapella
Cochin	Kenosee Lake	Pense	Wawota
Coleville	Kincaid	Perdue	Weirdale
Colonsay	Kinistino	Pierceland	Welwyn
Conquest	Kronau	Porcupine Plain	White Fox
Consul	Kuroki	Punnichy	Whitewood
Coronach	Kyle		Willow Bunch
Craik	Lafleche	Qu'Appelle	Wishart
Crane Valley	Lake Lenore	Quill Lake	Wolseley
Cudworth	Lampman		Wroxton
Cupar	Landis	Rabbit Lake	Yarbo
Cut Knife	Langham	Radisson	Young
Debden	Lashburn	Redvers	Zenon Park
Delisle	Leask	Regina	
Denzil	Lemberg	Regina Beach	
Dinsmore	Leoville	Rhein	
	Leroy	Riverhurst	
			Total Number = 195

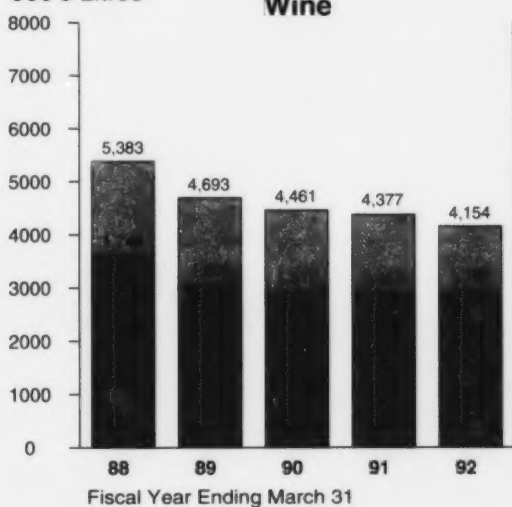
Sales

Volume of Sales — 5 Year History

000's Litres



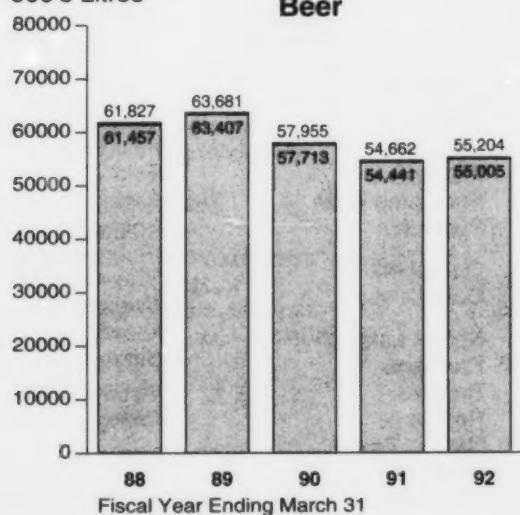
000's Litres



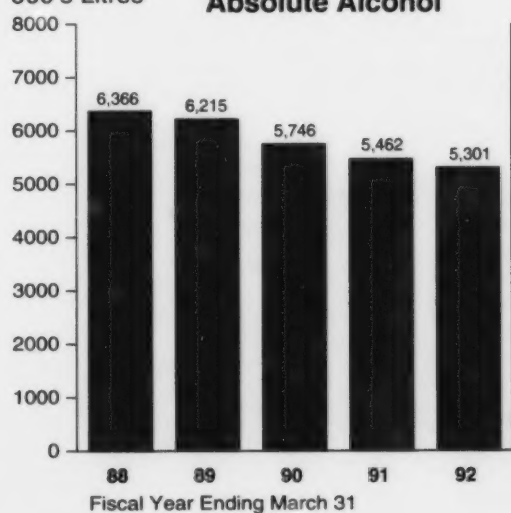
Domestic  
Imports  

Wine includes wine and spirit which are less than 6.5% alcohol by volume.

000's Litres

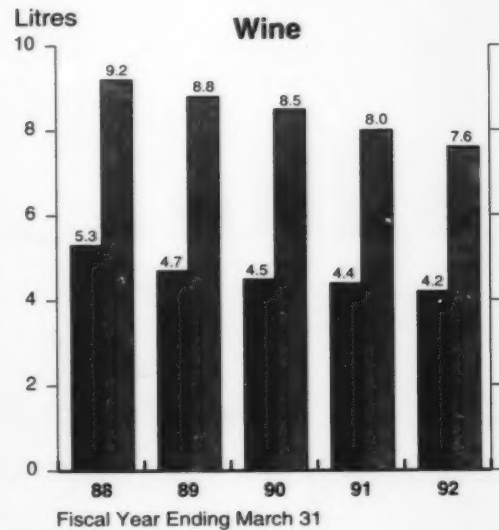
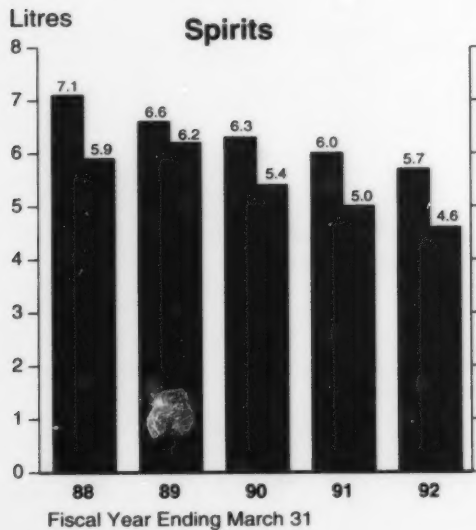


000's Litres



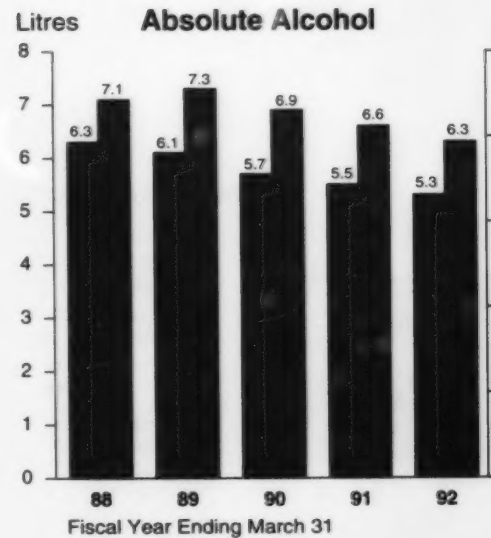
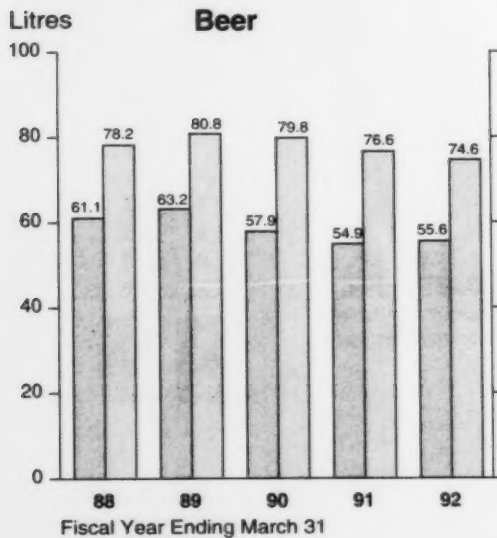
Sales

Per Capita Sales — 5 Year History



Saskatchewan 
Canada 

Note: The weighted average alcohol content was used to convert spirits, wine and beer to absolute alcohol.



Share of Market Comparisons



In 1988 both wine and spirit coolers were included in wine market figures. Approximately 78% of coolers were wine based, 22% spirit based.

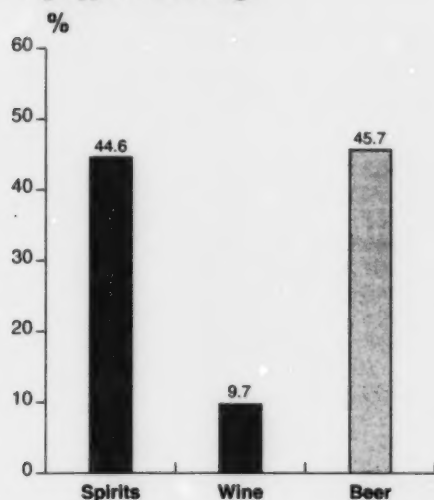


1	1
9	9
8	9
8	2
	

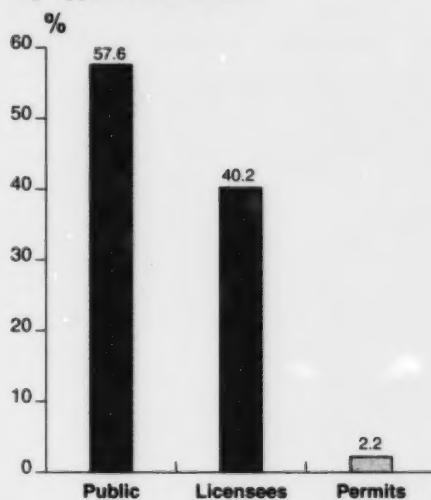
There are no comparison bars for canned beer because it was only introduced in 1989.

Revenue

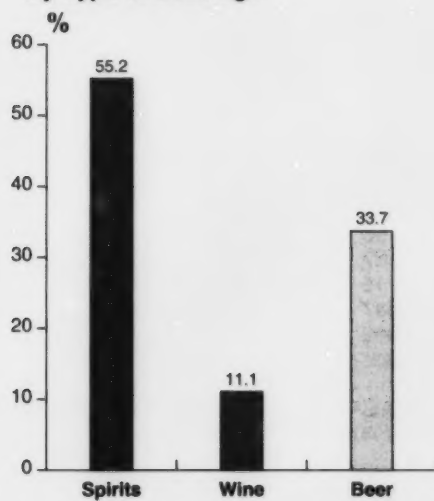
**Revenue
By Type of Beverage**



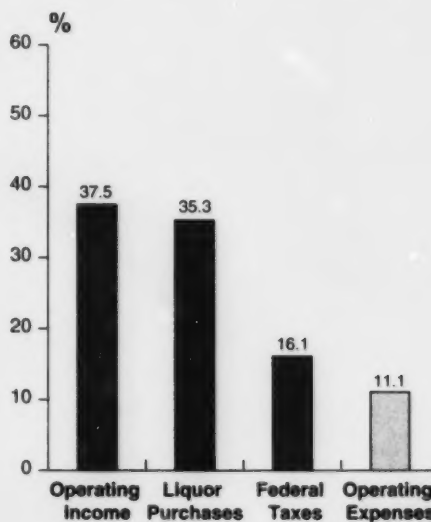
**Revenue
By Type of Customer**



**Gross Profit
By Type of Beverage**



Application of Revenue



↓

Stores	5.8%
Overhead and Administration	2.5%
Liquor Act Enforcement	1.2%
Franchise Discount	1.2%
Warehousing	0.4%
	<u>11.1%</u>

Schedule of Sales by Liquor Stores

for the year ended March 31, 1992

(thousands of dollars)

Location	Store Number	Wines & Spirits	Beer	Total
Assiniboia	519	\$ 800	\$ 220	\$ 1,020
Battleford	522	760	284	1,044
Biggar	525	555	147	702
Broadview	586	249	103	352
Buffalo Narrows	606	382	452	834
Canora	536	757	170	927
Carlyle	554	473	182	655
Carrot River	601	347	148	495
Creighton	542	957	201	1,158
Davidson	555	339	140	479
Esterhazy	556	616	201	817
Estevan	520	1,793	243	2,036
Eston	602	298	78	376
Foam Lake	597	497	139	636
Fort Qu'Appelle	553	1,044	279	1,323
Gravelbourg	518	416	122	538
Gull Lake	516	211	54	265
Hafford	595	274	68	342
Hudson Bay	545	561	166	727
Humboldt	515	1,278	401	1,679
Indian Head	543	408	163	571
Ituna	531	390	73	463
Kamsack	512	801	234	1,035
Kelvington	541	441	118	559
Kerrobert	537	321	115	436
Kindersley	523	1,165	348	1,513
Kipling	528	399	104	503
La Loche	567	478	719	1,197
La Ronge	588	1,842	662	2,504
Langenburg	563	295	115	410
Lanigan	564	357	141	498
Leader	551	297	96	393
Lloydminster	548	816	157	973
Maple Creek	521	633	215	848
Meadow Lake	532	1,622	647	2,269
Melfort	524	1,197	366	1,563
Melville	514	1,121	241	1,362
Moose Jaw:				
100 Fairford St. W.	506	4,515	903	5,418
510 4th Ave. S.W.	562	913	281	1,194
Total Moose Jaw Stores		5,428	1,184	6,612
Moosomin	547	601	195	796
Nipawin	534	1,232	311	1,543
North Battleford	509	2,675	905	3,580
Outlook	576	445	150	595
Ponteix	579	215	68	283
Preeceville	605	465	141	606
Prince Albert:				
554 17th St. W.	507	2,892	597	3,489
South Hill Shopper's Mall	546	4,744	1,476	6,220
Total Prince Albert Stores		7,636	2,073	9,709

Schedule of Sales by Liquor Stores — continued

for the year ended March 31, 1992

(thousands of dollars)

Location	Store Number	Wines & Spirits	Beer	Total
Radville	529	186	67	253
Raymore	568	272	89	361
Regina:				
Park St. & 10th Ave. E.	500	1,958	0	1,958
Broadway Shopping Centre	501	2,792	840	3,632
Normanview Shopping Centre	502	2,182	885	3,067
1881 Broad Street	526	1,983	489	2,472
416 Albert N.	550	6,461	2,621	9,082
2626 28th Ave.	557	7,280	1,560	8,840
4239 Dewdney Ave.	560	2,666	1,150	3,816
1702 Park Street	569	2,989	1,184	4,173
University Park	575	1,789	627	2,416
Total Regina Stores		30,100	9,356	39,456
Rosetown	544	779	272	1,051
Rosthern	513	355	129	484
Saskatoon:				
401 20th St. W.	503	1,516	726	2,242
1935 1st Ave. N.	504	5,354	0	5,354
3110 8th St. E.	505	7,859	2,660	10,519
124 3rd Ave. N.	565	3,717	772	4,489
1701 Idylwyld N.	566	1,965	742	2,707
Lawson Heights	570	3,508	1,206	4,714
Confederation Plaza	571	5,312	2,749	8,061
Sutherland	572	1,438	575	2,013
Avalon	574	1,331	511	1,842
Total Saskatoon Stores		32,000	9,941	41,941
Shaunavon	517	498	162	660
Shellbrook	600	408	185	593
Stoughton	604	191	41	232
St. Walburg	539	255	144	399
Swift Current	510	2,575	807	3,382
Tisdale	538	956	410	1,366
Unity	599	574	178	752
Wadena	558	563	152	715
Wakaw	540	334	154	488
Waskesiu (summer only)	533	304	181	485
Watrous	530	578	231	809
Watson	549	392	111	503
Weyburn	511	1,651	257	1,908
Wilkie	527	342	138	480
Wynyard	535	531	149	680
Yorkton	508	3,313	758	4,071
Special Orders		450	2	452
Total		\$121,494	\$37,253	\$158,747

Wines and Spirits Purchased

for the Year Ended March 31, 1992
(thousands of dollars)

Country

Canada	\$25,397
Australia	135
Chile	50
France	1,651
Germany	541
Greece	83
Hungary	54
Ireland	511
Italy	630
Jamaica	49
Mexico	73
Netherlands	27
Portugal	120
Spain	95
Switzerland	66
Turkey	33
United Kingdom	1,315
United States	1,470
U.S.S.R.	31
Other	71
Total Wine and Spirits Purchased	\$32,402

Beer Purchased

for the Year Ended March 31, 1992
(thousands of dollars)

Domestic

Labatt's Saskatchewan Brewery Ltd., Saskatchewan	\$28,660
Molson Saskatchewan Brewery Ltd., Saskatchewan	44,548
Great Western Brewing Co., Saskatchewan	8,730
Drummond Brewers Association Ltd., Alberta	358
	82,296

Import

Canada	95
United States	55
Other	66
Total Beer Purchased	\$82,512

NOTE: Beer purchases from domestic brewers includes excise tax and is purchased F.O.B. the retail outlet.

Five Year Financial Review

(thousands of dollars)

Sales	1987/88	1988/89	1989/90	1990/91	1991/92
Spirits					
Canadian	126,554	124,416	122,148	117,364	109,683
Imported	18,551	18,173	18,254	18,252	17,411
	145,105	142,589	140,402	135,616	127,094
Wines and Ciders					
Canadian	17,564	14,374	12,940	13,029	12,837
Imported	13,168	12,323	11,830	12,424	10,503
	30,732	26,697	24,770	25,453	23,340
Beer, Ale and Stout					
Canadian	133,022	143,025	137,464	129,535	127,463
Imported	1,180	957	882	881	810
	134,202	143,982	138,346	130,416	128,273
Total Sales					
Canadian	277,140	281,815	272,552	259,928	249,983
Imported	32,899	31,453	30,966	31,557	28,724
	310,039	313,268	303,518	291,485	278,707
Cost of Sales	166,868	171,327	164,578	161,515	144,845
Gross Profit	143,171	141,941	138,940	129,970	133,862
Operating Expenses	24,100	26,414	27,367	28,463	27,969
Operating Income	119,071	115,527	111,573	101,507	105,893
Other Income	4,071	6,677	6,971	5,668	4,720
Net Income	123,142	122,204	118,544	107,175	110,613
Payment to Minister of Finance	—	194,000	135,000	185,000	65,000
Retained Earnings	251,051	180,024	163,568	85,743	131,356

Note: The Saskatchewan Liquor Board and the Liquor Licensing Commission were amalgamated in 1989 under The Alcohol Control Act. Years prior to 1988/89 do not include Liquor Licensing Commission income and expenses.

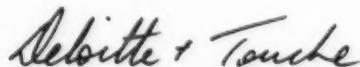
Auditor's Report

To the Members of the Legislative Assembly of
Saskatchewan:

We have examined the combined balance sheet of the Saskatchewan Liquor Board and Liquor Licensing Commission as at March 31, 1992 and the combined statements of income and retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Board and Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these combined financial statements present fairly, in all material respects, the combined financial position of the Board and Commission as at March 31, 1992 and the results of their operations and the changes in their financial position for the year then ended in accordance with generally accepted accounting principles.



Regina, Saskatchewan
May 21, 1992

Deloitte & Touche
Chartered Accountants

Financial Statements

Combined Balance Sheet as at March 31

(Thousands of Dollars)

	1992	1991
Current Assets		
Cash	\$ 365	\$ 2,134
Short-term deposits	5,919	28
Accounts receivable	442	1,122
Prepaid expenses	337	351
Inventories (Note 3)	9,862	10,610
	16,925	14,245
Deposits in Consolidated Fund (Note 6)	111,600	70,000
Fixed Assets (Note 4)	15,564	16,129
	\$144,089	\$100,374
Current Liabilities		
Accounts payable	\$ 6,281	\$ 8,449
Accrued pension costs (Note 5)	6,452	6,182
	12,733	14,631
Retained Earnings	131,356	85,743
	\$144,089	\$100,374

On behalf of the Board and Commission



_____, Acting Chairman

**Combined Statement of Income and Retained Earnings for the
Year ended March 31**

(Thousands of Dollars)

	1992	1991
Sales (Note 7)	\$278,707	\$291,485
Cost of Sales	144,845	161,515
Gross Profit	133,862	129,970
Operating expenses (Schedule 1)	27,969	27,856
Federal Sales Tax Adjustment	—	607
	105,893	101,507
Other income (Schedule 2)	4,720	5,668
Net Income for the year	110,613	107,175
Retained earnings, beginning of year	85,743	163,568
	196,356	270,743
Payments to Minister of Finance (Note 6)	65,000	185,000
Retained earnings, end of year	\$131,356	\$ 85,743

Combined Statement of Changes in Financial Position for the Year Ended March 31

(Thousands of Dollars)

	1992	1991
Operating Activities		
Net income for the year	\$110,613	\$107,175
Add charges to operations not requiring the use of cash:		
Depreciation	888	991
(Gain) loss on sale of fixed assets	(2)	2
Excess of pension expense (Note 5)	270	272
	111,769	108,440
Net change in non-cash working capital items (Note 10)	(726)	2,600
Cash generated by operating activities	111,043	111,040
Investing Activities		
Additions to buildings, sites and equipment	(323)	(286)
Proceeds from disposal of buildings, sites and equipment	2	9
(Increase) reduction in deposits in Consolidated Fund	(41,600)	60,600
Cash (used) generated by investing activities	(41,921)	60,323
Other Activities		
Payments to Minister of Finance (Note 6)	(65,000)	(185,000)
Cash used for other activities	(65,000)	(185,000)
Increase (Decrease) in Cash for Year	4,122	(13,637)
Cash, beginning of year	2,162	15,799
Cash, end of year	\$ 6,284	\$ 2,162

Cash comprises cash and short-term deposits

Notes to Combined Financial Statements March 31, 1992

1. Board and Commission

The Saskatchewan Liquor Board and The Liquor Licensing Commission are continued under The Alcohol Control Act, with the Commission consisting of not less than three members nor more than seven members appointed by the Lieutenant Governor in Council.

2. Accounting Policies

These combined financial statements have been prepared in accordance with accounting principles generally accepted in Canada. The more significant policies which have been adopted are described below.

(a) Combined Financial Statements

The financial results of the Board and the Commission are presented on a combined basis pursuant to Section 174 of The Alcohol Control Act.

(b) Short-Term Deposits

Short-term deposits are recorded on the balance sheet at cost, and the amount of accrued interest on these investments is included in accounts receivable.

(c) Sales

Sales are reflected in the accounts net of returns, container deposits, GST and the Saskatchewan Liquor Consumption Tax. During the year, the Board collected for Saskatchewan Finance the following amounts:

	(Thousands of Dollars)	
	1992	1991
Container deposits on all wine, spirits and imported beer products.	\$ 1,271	\$ 531
Liquor Consumption Tax	10,024	15,440

During the year, container deposits on domestic beer sales amounted to \$15,602,000 (1991 — \$15,933,000).

(d) Inventories

Inventories of wines, spirits and beer are valued at the lower of cost and net realizable value.

(e) Fixed Assets

Buildings, sites and equipment are stated at cost less accumulated depreciation. Depreciation is calculated on the straight-line basis at rates

designed to amortize the cost of fixed assets over their estimated useful lives. Depreciation rates are as follows:

Buildings — 2.5% – 5% per annum
Equipment — 15% – 33% per annum

Leasehold improvements are amortized over the term of the lease.

(f) Pension Expense

The cost of pension benefits earned by employees who are members of the Board's defined benefit plan known as the Liquor Board Superannuation Plan is determined using the accrued benefit method prorated on the basis of term of service and is charged in the accounts as an expense as the service is rendered. The amount of the expense reflects management's best estimate of the plan's expected investment yields, salary increases, mortality of members, terminations and the ages at which members will retire.

Based upon the most recent actuarial valuation of the plan, adjustments arising from plan amendments, experience gains and losses and changes in assumptions are amortized over the estimated average remaining service lives of the employees who are members of the defined benefit plan. The difference between the amounts expensed and the amounts funded is reflected as a liability on the balance sheet.

3. Inventories

Inventories at March 31 consisted of the following:

	(Thousands of Dollars)	
	1992	1991
Wines and spirits in stores	\$ 4,630	\$ 4,683
Wines and spirits in warehouse	4,572	5,159
Beer in stores	660	768
	<u>\$9,862</u>	<u>\$10,610</u>

4. Fixed Assets

Fixed assets at March 31 consisted of the following:

(Thousands of Dollars)				
	Cost	Accumulated Depreciation	Net Book Value 1992	Net Book Value 1991
Sites	\$ 2,079	\$ —	\$ 2,079	\$ 2,079
Buildings	18,072	5,751	12,321	12,623
Furniture and equipment	5,311	4,592	719	905
Leasehold improvements	1,096	651	445	522
	\$26,558	\$10,994	\$15,564	\$16,129

5. Pension Plan

The Board and Commission maintain pension plans which provide retirement benefits for essentially all employees.

A defined benefit plan is administered by The Liquor Board Superannuation Commission to provide superannuation allowances to those employees and Board members who were enrolled on October 1, 1977 and who did not elect to transfer to the Public Employees (Government Contributory) Superannuation Plan prior to October 1, 1978. This latter plan is a defined contribution plan, its funding requirements are established in accordance with the Superannuation (Supplementary Provisions) Act and employees' contributions are matched by the Board.

The defined benefit plan provides for superannuation allowances which are based on employees' years of service and their highest five years' earnings. The plan requires contributions from both employees and the Board. The latest actuarial valuation of the plan as at December 31, 1989 reported an unfunded liability of \$13,678,000, consisting of the actuarial present value of accrued benefits in the amount of \$26,065,000 less the value of superannuation fund assets of \$12,387,000.

The Board and Commission are providing for the unfunded liability by accruing as an expense an amount which is in excess of that which has been funded. The accrual as at March 31, 1992 was determined as follows:

(Thousands of Dollars)		
	1992	1991
Pension Expense:		
Current service	\$ 135	\$ 135
Amortization	1,806	1,792
Total expense	1,941	1,927
Less: amounts funded	1,671	1,655
Excess of expense for the year	270	272
Accrual at beginning of year	6,182	5,910
Accrual at end of year	\$6,452	\$6,182

6. Deposits in Consolidated Fund

Deposits in Consolidated Fund consist of amounts advanced to the Consolidated Fund of the Province pursuant to Section 175(5) of The Alcohol Control Act. These amounts, which are non-interest bearing, are deposited to the credit of the Board in the Consolidated Fund until Treasury Board directs that they be transferred to the Province pursuant to Section 175(1).

Deposits in Consolidated Fund at March 31 comprised the following:

(Thousands of Dollars)		
	1992	1991
Balance at beginning of year	\$70,000	\$130,600
Deposits during the year pursuant to Section 175(5)	106,600	124,400
Payments to Minister of Finance pursuant to Section 175(1)	(65,000)	(185,000)
Balance at end of year	\$111,600	\$ 70,000

7. Sales

Sales comprise the following:

	(Thousands of Dollars)	
	1992	1991
Wines and Spirits		
— In stores:		
— To licensees	\$ 16,039	\$ 19,095
— To public	105,455	106,862
	121,494	125,957
— To franchises:		
— To licensees	7,914	5,860
— To public	21,836	30,133
	29,750	35,993
	151,244	161,950
Beer		
— To licensees	87,920	86,074
— In stores	37,253	41,202
— To franchises	2,290	2,259
	127,463	129,535
Total sales	\$278,707	\$291,485

8. Enforcement Expenses

Treasury Board authorizes the Board to pay certain amounts in each fiscal year relative to the enforcement of The Alcohol Control Act. During the year ended March 31, the following enforcement expenses were paid:

	(Thousands of Dollars)	
	1992	1991
Department of Urban Affairs	\$1,000	\$1,000
Department of Justice	2,315	2,341
	\$3,315	\$3,341

9. Related Parties

Included in these financial statements are expenses resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan crown controlled departments, agencies and corporations with which the Board is related.

Account balances resulting from these transactions are included in the balance sheet and are settled on normal trade terms. Other amounts due to or from related parties and the terms of settlement are described separately in the financial statements.

10. Net Change in Non-Cash Working Capital Items

	(Thousands of Dollars)	
	1992	1991
Decrease (increase) in accounts receivable	\$ 680	\$ (690)
Decrease (increase) in prepaid expenses	14	(7)
Decrease in inventories	748	1,305
(Decrease) increase in accounts payable	(2,168)	1,992
	\$ (726)	\$2,600

11. Contingencies

Certain former employees have initiated lawsuits against the Board for wrongful dismissal. In addition, other former employees have indicated that they may possibly commence similar actions. The full amount of these potential claims has not been provided for in these financial statements. In the event that any loss is incurred by the Board, such loss will be accounted for as a prior period adjustment.

Schedule 1 — Combined Schedule of Operating Expenses
for the Year Ended March 31
(Thousands of Dollars)

	1992	1991
Audit fees	\$ 53	\$ 101
Bank service charges	151	150
Breakages	113	116
Building operation	359	297
Communications	380	417
Customer service programs	44	85
Data processing	291	360
Depreciation on buildings	550	545
Enforcement expense (Note 8)	3,315	3,341
Equipment maintenance and depreciation	703	901
Grants in lieu of taxes	973	935
Insurance	69	73
Pension	2,260	2,231
Rent and utilities	2,337	2,325
Salaries, wages and fringe benefits	14,762	14,284
Stationery and supplies	518	621
Sundry	679	674
Travel and vehicle	412	400
	<u>\$27,969</u>	<u>\$27,856</u>

**Schedule 2 — Combined Schedule of Other Income for the
Year Ended March 31**
(Thousands of Dollars)

	1992	1991
Interest	\$2,488	\$3,327
License and surcharge	—	22
License and other fees	513	524
Permit	589	588
Sundry	1,130	1,207
	\$4,720	\$5,668